

ADVANTAGES OF A STATE CHARTER

While this list is not all inclusive, it should provide a general understanding of some of the advantages of being a state-chartered bank in Louisiana.

- Accessibility/Expeditious Treatment - OFI personnel are very accessible. This promotes better communication and allows a banker to talk directly to a decision maker. Requests are considered and responded to in a timely and efficient manner.
- Lower Cost - For banks in Louisiana, OFI assessments are lower than the assessments for comparable national banks. Consider the following comparison.

Average Assets	OFI Annual Assessment	OCC Annual Assessment	OFI Annual Assessment as % of OCC
\$25 million	\$9,600	\$19,400	49%
\$50 million	\$15,500	\$27,800	56%
\$100 million	\$25,00	\$44,700	56%
\$200 million	\$39,100	\$66,600	59%
\$500 million	\$69,500	\$122,200	57%
\$1 billion	\$97,100	\$214,900	45%
\$5 billion	\$229,500	\$770,800	29%
\$15 billion	\$524,600	\$1,937,800	27%

- Local Supervision - OFI examiners live in the area in which they work. They know the people and understand their concerns. As a result, they are familiar with the issues affecting local communities.
- Outreach - OFI personnel regularly participate in meetings around the state where bankers can engage in meaningful dialogue with top OFI officials.

- State Parity Statute - Louisiana has a broad parity statute. LSA-R.S. 6:242(C)(1)(a) states:

In addition to any other preexisting powers, a state bank shall have and possess such rights, powers, privileges, and immunities of a national bank or national bank branch domiciled in this state only if both of the following conditions are met:

- The state bank notifies the commissioner in writing of its intent to exercise such rights, power, privileges, and immunities.*
- The commissioner does not raise an objection within forty-five days of receipt of the written notice of intent from the state bank.*

Louisiana state-chartered banks may exercise the same powers and privileges as national banks operating in this state. Furthermore, state-chartered banks and their subsidiaries are allowed great flexibility regarding certain investments and activities under Part 362 of the FDIC Rules and Regulations, provided these activities do not present a risk to the insurance fund or pose a safety and soundness concern.

- State Governance - Louisiana state-chartered banks are regulated according to state laws, rules, and regulations. Like other states, Louisiana laws are structured to meet the unique needs of the citizens of the state. Federal laws, by their nature, must apply to institutions from various regions and many different circumstances. Statutes affecting Louisiana state-chartered banks are enacted by the state legislature, which is more sensitive to local needs and conditions than the U.S. Congress. Through contacts with the state legislature and the Governor, state bankers have considerably more opportunity to affect banking policy at the state level than at the federal level.

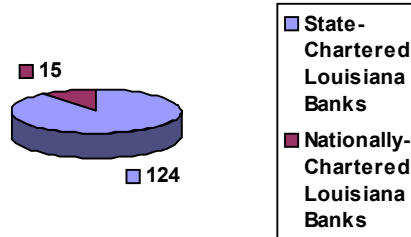
- Financial Modernization - As banks expand their products and services, Louisiana state-chartered banks are in a unique position for the following reasons.

- (1) In addition to the Depository Institutions Division, the Office of Consumer Services, the Office of Securities, and the Certified Capital Companies Program are housed within the same agency; and
- (2) OFI has developed a good working relationship with various other state agencies including the Department of Insurance, the Department of Economic Development, the Department of Agriculture, and the Louisiana Economic Development Corporation, among others, to foster economic development in Louisiana.

- Multi-State Operations
State-chartered banks in Louisiana have the authority to operate on a multi-state basis. This allows for consistency of such things as interest rates, lending limits, and corporate governance laws. As "home state" regulator, OFI is the single point of contact for all information on banking issues such as branching, examination issues, governing laws, etc. While some states permit de novo branching into their state, most require the purchase of an existing bank. No bank or bank holding company domiciled outside of Louisiana may de novo branch into Louisiana.
- Experience/Training - OFI field examiners have an average experience level of approximately 13 years. In addition, a number of these examiners are graduates of the LSU Graduate School of Banking and/or hold CPA certificates. Personnel from the field and main offices concentrate in specialized areas of examination such as insurance, trust, holding companies, venture/mezzanine financing, information technology (IT), Bank Secrecy Act (BSA), and securities

- State-Chartered Banks in Louisiana - As of December 31, 2003, there were 124 state-chartered banks in Louisiana among the total of 139 Louisiana banks.

**Number of State-Chartered and
Nationally-Chartered Louisiana Banks**



- Statewide Offices - In addition to the main office in Baton Rouge, OFI has six field offices located in key areas across the state. The locations are: Alexandria, Baton Rouge, Lafayette, Monroe, New Orleans, and Shreveport. Personnel in all OFI offices are always available to answer questions and discuss issues.
- Cooperative Agreements - OFI has entered into agreements with other states to reduce the regulatory burden and cooperate in the examination of out-of-state branches of a Louisiana domiciled bank. There are no additional fees associated with the examination of these branches.
- Joint Examination Process - In order to reduce the burden on state-chartered banks and bank holding companies, OFI has entered into agreements with both the FDIC and the FRB to perform joint examinations, whereby each agency supplies examiners as part of the examination team, and a single examination report is issued.
- CSBS Affiliation – OFI is an active member of the Conference of State Bank Supervisors (CSBS), which is a nationally-recognized organization comprised of state bank supervisors. CSBS is dedicated to the protection and enhancement of the dual chartering system and state banking industry. This organization provides timely information and offers a wide range of services to its

members nationwide. Currently, several Louisiana state-chartered banks are supporters of CSBS. Deputy Commissioner Doris Gunn has served on the Board of Directors of CSBS since 2002 and is currently Chairman of District III.

- Certification/Accreditation - All OFI examiners are certified and the department is accredited by the Conference of State Bank Supervisors (CSBS), the national accrediting agency for state banking departments. Attesting to the department's ability to meet rigid examination and operational requirements, OFI was awarded its second five-year reaccreditation by CSBS on January 27, 2000.
- Training - OFI personnel are available to banks and trade associations who are in need of technical assistance in areas where OFI personnel have extensive knowledge and training. This interaction between examiners and industry representatives provides valuable insight to both OFI and the industry.
- www.ofi.state.la.us - OFI maintains a Web site for the benefit of the general public and the institutions it regulates. The site contains a variety of information including quarterly banking industry status reports and contact information. In addition, various application and notification forms are available for download. Helpful links to the Web sites of the FDIC, FRB, CSBS and various state and national banking associations are also provided.

For more information, contact:

Doris B. Gunn, Deputy Commissioner
dgunn@ofi.state.la.us

or

Sidney E. Seymour, Chief Examiner
sseymour@ofi.state.la.us

or

Kerry Morris, Deputy Chief Examiner
kmmorris@ofi.state.la.us

Advantages of a State Charter



State of Louisiana Office of Financial Institutions

**P.O. Box 94095
Baton Rouge, LA 70804-9095
(225) 925-4660**

**www.ofi.state.la.us
ofila@ofi.state.la.us**

**John Ducrest, CPA
Commissioner of
Financial Institutions**

**Kathleen Babineaux Blanco
Governor**